

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroomPublic Contact: 800.829.1040

Payment Options Available for Those Who Can't Pay in Full

IR-2008-56, April 7, 2008

WASHINGTON — The Internal Revenue Service reminds taxpayers who owe but can't pay in full that several options are available to help them meet their tax obligations and save money by the April 15 filing deadline.

Taxpayers should file their return on time, pay as much as they can with their return and use IRS.gov if they need to request a payment agreement.

Interest and penalties add up for people who don't file and pay on time. But Taxpayers can limit these charges by filing on time and paying sooner.

Though interest, currently at the rate of 6 percent per year, and late payment penalties, normally 0.5 percent (1/2 of 1 percent) per month, apply to any tax paid after the April-15 deadline, taxpayers can limit these charges by paying sooner. In addition, by filing on time, a taxpayer avoids the much larger 5-percent-per-month late-filing penalty. For example, a taxpayer who files on May 1, owing \$1,000 in tax, would be charged interest, plus a \$50 penalty.

Various E-pay options offer taxpayers the easiest and fastest way to make a full or partial payment with their return. [These options](#) enable taxpayers to make payments, either on-line or by phone, using electronic funds withdrawal or a credit card. Alternatively, taxpayers can send the IRS a check, made out to "United States Treasury."

Taxpayers who need more time to pay can find out in just a few minutes whether they qualify for a payment agreement with the IRS. Just click on the [Online Payment Agreement link](#) on IRS.gov and follow the prompts. By entering some basic information about their tax situation, eligible taxpayers can set up, in a matter of minutes, either a short-term payment extension or a monthly payment plan.

A short-term extension gives a taxpayer up to 120 days to pay. No fee is charged, but the late-payment penalty plus interest, will apply.

A monthly payment plan or installment agreement gives a taxpayer more time to pay. Though interest still applies, the late-payment penalty is cut in half for any month an installment agreement is in effect. This reduced rate of 0.25 percent (1/4 of 1 percent) per month is only available if the tax return was filed on time.

A user fee will also be charged if the installment agreement is approved. The fee, normally \$105, is reduced to \$52, if a taxpayer agrees to make their monthly payments electronically via electronic funds withdrawal. The fee is \$43 for eligible low-and-moderate-income taxpayers.

Alternatively, taxpayers can apply for a payment agreement by filling out Form 9465, Installment Agreement Request. This form can be filed along with either an electronically-filed return or a paper return. If filing on paper, be sure to attach it to the front of the return.

Some taxpayers can wait until after April 15 to file and pay. As a general rule, those eligible get the extra time, penalty-free and interest-free, without having to ask for it. Eligible taxpayers include:

- Members of the military serving in Iraq, Afghanistan or other combat-zone localities. Normally, the filing and payment deadline is postponed until 180 days after the service member leaves the combat zone.
- Disaster-area taxpayers in four states affected by recent floods, storms and tornadoes. The filing and payment deadline is postponed until May 6 in parts of Illinois, May 19 in parts of Georgia and Missouri and May 27 in parts of Arkansas.